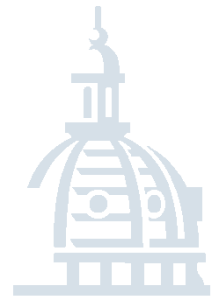


Fiscal Note

Fiscal Services Division



SF 475 – Education Omnibus (LSB1489SV)

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Fiscal Note Version – Revised

Description

[Senate File 475](#) makes a variety of changes to the Iowa Code regarding education. Of the eight divisions of the Bill, three will have a fiscal impact, two may have a fiscal impact but the extent of fiscal impact is indeterminable, and three are expected to have little or no fiscal impact.

- Fiscal impact: Divisions II, III, IV
- Possible, but indeterminable fiscal impact: Divisions I, V
- Little or no fiscal impact: Divisions VI, VII, VIII

The three divisions that are expected to have a fiscal impact relate to career and technical education classes, the creation of an Area Education Agency (AEA) review task force, and the removal of dental and vision screening requirements. The costs of Division VII, which creates a biliteracy seal for high school graduates showing proficiency in a second language, may be offset by a nominal fee the Department of Education is permitted to charge for the production of the seal.

Divisions I and V

Background

Divisions I and V both pertain to various provisions regarding online education. Division I rescinds the limitations on the number of students statewide enrolled in and receiving their education through a primarily online method. It also requires that school districts using online curriculum shall adopt rules regarding online course content, and ensure that the content is aligned to Iowa Core standards.

Division V creates a provision that the resident district of an open enrolled student may retain no more than 15.0% of the State cost per pupil of the previous year for the purpose of covering the cost of the student participating in a cocurricular or extracurricular activity at the student's district of residence. For FY 2018, 15.0% of the cost per pupil would be \$988.65. This provision will also affect districts that have students who are open enrolled for the purpose of receiving online education, who are included in this section.

Assumptions

It is not possible to determine how many districts may choose to offer open enrollment online, or at what cost, as districts will be able to contract with both private and public institutions. It is not possible to determine how many students open enrolling may choose to return to their resident district for the purpose of cocurricular or extracurricular activities.

Fiscal Impact

It is not possible to determine the fiscal impact to schools of Divisions I or V. There is not expected to be a fiscal impact to the State for either Division.

Division II

Background

Division II of SF 475 deals with concurrent enrollment in community college classes and creates an exception to the supplement not supplant requirements under Iowa Code section [257.11](#) for up to two career and technical (CTE) classes. Currently, a school district may contract with a local community college to offer math, liberal arts, and science courses, which generates supplementary weighting in the school aid formula aimed at covering part of the cost of those classes. CTE classes offered under these agreements are not eligible for supplementary weighting if they are supplanting other courses. Under this Division, if the class is supplanting a course in math, science, or liberal arts, it will be eligible for supplementary weighting, generating funds for schools within the school aid formula.

Assumptions

Assumptions include:

- School districts currently offering CTE classes will, when available and appropriate, supplant up to two math, science, or liberal arts classes with a CTE class to generate supplementary weighting. Using the most recent available data, there are 243 courses across 142 school districts that could be eligible.
- School districts will not be able to participate until FY 2019, as their enrollment information for FY 2018 has already been certified by the Department of Education.
- State cost per pupil (CCP) is set at \$6,664 per student, and district CPP is used when applicable.
- Property tax replacement payment (PTRP) is set at \$83 per student.
- Weighting is applied as appropriate to the type of class, either 0.7 or 0.46.

Fiscal Impact

There is no fiscal impact of Division II in FY 2018 because school districts have already submitted their concurrent enrollment counts for their FY 2018 budgets. In FY 2019, the program may generate up to \$1,057,599 for schools through supplementary weighting in the school aid formula. This represents a \$935,052 increase in State aid and a \$122,547 increase in property taxes.

Table 1 – Fiscal Impact of Division II

	<u>FY 2018</u>	<u>FY 2019</u>
State Aid Increase	\$ 0	\$ 935,052
Property Taxes Increase	\$ 0	\$ 122,547
Total	<u>\$ 0</u>	<u>\$ 1,057,599</u>

Division III

Background

In 2007 and 2008, the General Assembly enacted requirements that parents have their children's dental (2007) and vision (2008) screened before attending school. These requirements were updated in 2013. This division of the Bill rescinds both requirements, but leaves in place the option for school districts to collect the information and have vision and hearing clinics.

Assumptions

The Iowa Department of Public Health (IDPH) reports that it will no longer need to maintain the IRIS vision screening model, which was used to track and analyze screening data.

Fiscal Impact

The fiscal impact to the IDPH will be a decrease in required funds. No longer maintaining IRIS will result in an estimated \$15,000 decrease in expenditures.

Division IV

Background

The AEAs were established in 1974 as a means of identifying and serving children requiring special education services. Since then, the duties of the AEAs have expanded to include general school district support such as school and community planning, professional development, and curriculum, instruction, and assessment evaluation. This division creates a 22-member task force to review AEA essential services and provide a report to the General Assembly no later than November 17, 2017. The division specifies task force membership and committee charge.

Assumptions

Assumptions include:

- The task force will be made up of 22 members from various stakeholder groups across the State.
- There will be five meetings of the task force.
- Lunch will be provided for members at the meetings.
- Mileage will be paid to non-state employee members at a rate of \$0.39 per mile, and they will travel an average of 50 miles to the meetings.
- Department of Education staff time is not included in the estimate.

Fiscal Impact

The Department of Education estimates the cost for the task force will be \$3,075. This includes \$1,320 to provide meals for the task force and an estimated \$1,755 to reimburse members for mileage. Division IV tasks the Department of Education with providing support and staffing the task force, as well as providing four members.

Fiscal Impact – All Divisions

Table 2 outlines every Bill division's known fiscal impact. For FY 2018, the Bill results in a net decrease in expenditures by departments of an estimated \$11,925. In FY 2019, the beginning of eligibility of CTE classes for supplementary weights results in a net increase in General Fund expenditures via school State aid of \$935,052 and an increase to property taxes of \$122,547.

Table 2 – Estimated Fiscal Impact of All Divisions, General Fund

Division	Provision	Fiscal Impact - FY 2018	Fiscal Impact - FY 2019
I	Online education, open enrollment	Fiscal impact cannot be determined	Fiscal impact cannot be determined
II	Concurrent Enrollment, CTE Exception	No expected fiscal impact	Increase, \$935,052
III	Dental & Vision Screening Requirements - Repeal	Decrease, \$15,000	No change
IV	AEA Task Force	Increase, \$3,075	Not applicable
V	Open Enrollment, Extracurricular Activity Fee	Fiscal impact cannot be determined	Fiscal impact cannot be determined
VI	Independently Accredited Nonpublic Schools - Exemption	No expected fiscal impact	No expected fiscal impact
VII	Department of Education - Biliteracy Seal	No expected fiscal impact	No expected fiscal impact
VIII	Limitation on Department of Education Guidance	No expected fiscal impact	No expected fiscal impact
Total Known Impact		<u>\$ -11,925</u>	<u>\$ 935,052</u>

Sources

Department of Education
Department of Public Health
LSA analysis and calculations

/s/ Holly M. Lyons

March 16, 2017

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
